

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



April 28, 2011

Mr. Neville Wise, Acting Commissioner
Cabinet for Health and Family Services
Department for Medicaid Services
275 E. Main Street, 6W-A
Frankfort, KY 40621

Re: Kentucky Title XIX State Plan Amendment, Transmittal #11-002

Dear Mr. Wise:

We have reviewed Kentucky State Plan Amendment (SPA) 11-002, which was submitted to the Atlanta Regional Office on February 7, 2011. This amendment was submitted to comply with 42 CFR 447.57 in the application of copayment offsetting to pharmacy provider reimbursement. Specifically, the State Plan provides for three tiers of copayments ranging from \$1.00 to \$3.00, the State offsets pharmacy provider reimbursement by \$1.00 per prescription regardless of the applicable copay amount, effectively increasing pharmacy provider reimbursement in those instances.

CMS has determined that the State first implemented this practice with the approval of SPA KY 05-009, effective August 1, 2005, resulting in an overpayment to pharmacy providers in excess of \$6,500,000.00 Federal Financial Participation to date. The State was notified of its noncompliance by CMS in June 2010.

Based on the information provided, we are now ready to approve Kentucky SPA 11-002 as of April 26, 2011. The effective date is January 1, 2011. The signed CMS-179 and the approved plan pages are enclosed. If you have any questions regarding this amendment, please contact Maria Drake at (404) 562-3697.

Sincerely,

/s/

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures